RAJYA SABHA

Monday, the 8th March, 1999/17 Phalguna, 1920 (Saka)

House met at eleven of the clock;
'airman *in the Chair.*

OBITUARY REFERENCE TO VICTIMS OF AIR CRASH NEAR DELHI AIRPORT

M.R. CHAIRMAN: As honourable Members are aware that at least 22 persopns, have lost their lives in a tragic accident on the 7th March, 1999 when an AN-32 transport plane crashed in Sector 20 in Papankalan in South-West Delhi. The loss of so many lives is indeed shocking and the loss suffered by the kith and kin of the deceased is irreparable.

In this hour of tragedy we extend our heartfelt condolences to the affected families and also pray for an early recovery of those who have suffered injuries.

I would request honourable Members to rise in their places and observe silence as a mark of respect to the memory of those who have lost their lives in the tragedy.

(Hon. Members then stood in silence for one minute

SHRI SURESH KALMADI: Sir, will there be a statement on this air crash?

ORAL ANSWERS TO QUESTIONS

Hike in Prices of Hot Rolled Items

*161. SHRI ABANI ROY: Will the Minister of STEEL AND MINES be pleased to state:

(a) whether SAIL and private sector steel giants propose to hike price of hot rolled items;

(b) if so, whether SAIL and other private sector steel giants increased the price of hot rolled items just two to three months before that and

(c) if so, the and justification for increasing

(d) the items of hot rolled items again and these too after a gap of few months.

THE MINISTER OF STEEL AND MINES (SHRI NAVEEN PATNAIK) : (a) to (c) A Statement is laid on the Table of the House.

Statement

(a) to (c) with the introduction of New Industrial Policy in 1991 and the subsequent removal of price and distribution controls on steel with effect from 16th January, 1992, prices of steel including Hot Rolled items are governed by interplay of market forces. Further, prices of Hot Rolled items were adjusted recently by the producers in an effort to improve their net sales realisation in a declining market.

SHRI ABANI ROY : Mr. Chairman, my first supplementary is this: The domestic demand for HR coils has gone down. In view of the price increase in HR coils, will the demand go down further? In this process, the SAIL and other indigenous manufacturers would be hit hard in the market share.

SHRI NAVEEN PATNAIK: Mr. Chairman, Sir, in answer to the hon. Member's question, I am sure, he is well aware, at the moment our domestic steel sector is going through certain difficult times. Regarding his earlier question on HR coils item, India can produce 10 million tonnes. But the market demand for the domestic sector as well as for export is seven million tonnes. For that reason, we have requested the Ministry of Commerce to fix floor price. In fact, a meeting was held with the Finance Ministry regarding the problems of steel Industry giving a level playing field to our steel sector, domestic industry, both

public and private sectors. The hon. Member knows that, its the Steel Minister, it is my duty to try and find a level playing field and althy situation for India's own steel sector.

SHRI ABANI Roy. : Mr. Chairman, Sir, my second supplementary is this: There is a hue and cry in the press for introducing floor price for HR coils. I would like to know from the Minister whether it is a fact that the USA has also introduced floor price for HR coils to restrict dumping by the CIS countries.

SHRI NAVEEN PATNAIK: Mr. Chairman, Sir, in answer to the hon. Member's question, I would like to clarify that allmost all steel-producing countries in the world resort to protective measures. Some recent examples are: the USA plans to impose anti-dumping duty on steel export from Europe and Japan. The USA had put Indian and other exporters of steel plates on notice. Indeed, I have been informed that the Senate has requested the President of the United States of America to look into certain points to protect their own industry in the United States. The USA has also recently imposed quantitative and price restrictions on steel exports from Russia. The USA has put on notice exports of wire rods from Mexico, India and other countries. The European Union has levied an anti-subsidy duty on exports for stainless steel bright bars and fine wire from India. The European Union has levied an anti-dumping duty on steel exports from the CIS countries. The European Union has started antidumping investigations against the export of HR-coils from India. Mexico has levied a floor price on some finished steel exports. So, Sir, to just further clearify, I would say, in general, various countries are trying to protect their domestic steel industry. India is trying to find a level-playing field for its steel products and also to protect its steel sector. I am sure, the hon. Member knows, as does this August House, that the investment of public money into the steel sector is to the tune of Rs.80,000 crores. Another Rs.30,000 crores is in the pipeline for the steel industry. Half a million persons are employed directly in the steel sector and another one million people are indirectly involved with the steel sector. So, the magnitude of the problem, the magnitude of the importance of the steel industry tremendous. The steel industry i mother industry. Steel is critical India's economy. It is my duty as the Steel Minister to Provide a level- playing field for our domestic industry. Sir, I have just read, for the information of hon. Members, the precautions that other nations are taking for their steel sector. Indeed, their domestic prices are higher and their export prices are lower to sell to other countries. We have to protect our industry and see that cheap item do not damage or disturb the steel sector in our country. Our first duty is to our nation. Thank you.

श्री संजय निरूपम: चैयरमेन सर, मैं मंत्री महोदय के जवाब के संदर्भ में यह बात उन के ब्यान में लाना चाहूंगा कि पिछले 3-4 सालों से स्टील सेक्टर बहुत बडी क्राइसिस में है। हमारे यहां लगातार स्टील का कंजप्शन कम होता चला जा रहा है और पब्लिक सेक्टर हो या प्राइवेड सेक्टर, हर जगह परेशानी है। महोदय, इस परेशानी की सब से बडी वजह प्राइस बताई जा रही है कि जो इम्पोर्टेड स्टील है वह सस्ती पड़ती है और हमारी स्टील उस की तुलना में महंगी पड़ती है। तो जिस फ्लोर प्राइस की बात हो रही है , मुझे उस में उतना इंटरेस्ट नहीं है जितना इंटरेस्ट इस बात को जानने में है कि नए बजट में इम्पोर्ट ड्यूटी पर जो 10 परसेंट सरचार्ज बढ़ाया जाने से हमारे जो स्टील उत्पादक है, उन को कुछ फायदा होगा और फायदा होगा तो इस फायदे के बारे में कुछ अध्ययन किया गया है ? साथ ही इस अध्ययन के बाद एक्जैक्टली किस तरह से हमारे यहा जो स्टील की क्राइसिस है, उस से निकलने का कोई रास्ता दिखाई पड़ रहा है, मै यह इम्पोर्ट ड्यूटी के संबंध में जानना चाहता हूं ?

श्री नवीन पटनायक : मैं आप को जवाब अंग्रेजी मे दे सकता हूं।

श्री संजय निरूपम : जरूर।

श्री नवीन पटनायक: धन्यवाद ।

Sir, the hon. Member has raised a very important question. In answer, I would like to give a few points about the crisis in the steel sector and what we are trying to do about it. I would like to mention to this august House that indeed the steel sector is going through a difficult time in India. But the fortune of the steel industry is always cyclical. It has downward trend, it has an upward trend. The hon. Member has referred to the crisis in the steel industry, Sir, the Indian Iron and steel Industry has, indeed, been passing through a crisis in the last two years. They are facing difficulties due to slow-down in growth of domestic demand as well as threat from cheap import, particularly, in the hot-rolled items. Many countries, especially CIS and South-East Asian countries facing financial crisis, are exporting steel products to India at a very low price. Such cheap import has compelled the domestic producers to reduce their prices to unremunerative levels. As a result, steel producers have reported reduced profits and increased losses in the first half of 1998-99, compared to the first half of the previous year. A small amount of relief has become available after the recent Budget through surcharge on import duty. When I referred to the fate of the steel sector being cyclical, our hope is with the infrastructure, our hope is in housing. Once the construction begins, once the world economy and the global situation improves for export, then indeed, the steel sector of our great nation will improve. The Steel Ministry itself is looking into the vast rural sector for more use of steel. We are looking to further export markets. *(Interruptions)*

MR. CHAIRMAN: Mr. Sanjay Nirupam, he has answered your question. That is all right.

SHRI PRANAB MUKHERJEE: Sir, I would like to put a very simple question to the hon. Minister. The hon. Minister has very correctly pointed out that since the evolution of the controlling price, and now the interplay of the market forces, this had been the price. But the producers, including the public sector producers, they take the decision, keeping the market trend in view, and determine the prices of various commodites, including the hot-rolled items. My simple question to the Minister is whether he has caluclated the revision. How is this revision going to be reflected in the gains and losses of the public sector steel producers, particularly of the hot-rolled items, for the remaining part of the current financial year and for the next financial year? I would like to have the simple arthmetic from you.

SHRI NAVEEN PATNAIK: Sir, in answer to the hon. Member's question, with all respect to Shri Pranab Mukherjee Ji, I have spoken in general.

SHRI PRANAB MUKHERJEE: What would be the plus-minus figure? Just give me the figure. I will be happy with the figure. The Minister must have calculated it. As a public sector owner, the Government is the producer of the hot-rolled items. My question is very simple. What would be the plus or minus figure after the readjustment of the prices according the market trend? I am just interested in having the figure.

SHRI NAVEEN PATNAIK: sir, if the hon. Member permits me, I will be very happy to send him those figures with details thereon.

SHRI PRANAB MUKHERJEE: You don't have them right now.

SHRI NAVEEN PATNAIK: All right, Sir, I can give a rough figure to the hon. Member. It is approximately Rs. 60 crores.

श्री रामदास अग्रवाल: सभापति महोदय, मंत्री जी लिखित उत्तर छोटा था और मौखिक उत्तर बहुत बड़ा है, इसलिए बहुत सारी समस्याओं का समाधान उसमें उन्होंने दे दिया है । मैं केवल एक प्रश्न पूछना चाहता हूं कि यह समस्या, स्टील इंडस्ट्री में जो क्राइसिस है दो साल में, जैसा कि उन्होंने स्वयं कहा है, माना है ,

चल रहा है, लेकिन हम दो साल के इस दौरान में स्टील इंडस्ट्री को इस संकट से उभार नहीं आए है, बल्कि स्थिति और भी खराब होती जा रही है । मैं यह जानना चाहता हूं माननीय मंत्री जी से कि क्या यह पैच वर्क, जैसे 10 परसेंट सरचार्ज लगाया, उससे कुछ हज़ार रूपया मिल जाएगा और आगे, अगले साल में उनकों कुच बेनिफिट मिलेगा, इस साल में तो कुछ मिलने वाला नहीं है मोटे तौर पर , तो क्या इस प्रकार के छोटे-छोटे समाधान ढूंढने से आपकी इतनी बडी समस्या का समाधान हो सकेगा और अगर नहीं हो सकता है तो क्या आप कोई अल्टरनेटिव व्यवस्था अगले वर्ष के लिए करने के लिए प्लान बना रहे है? इसके बारे में आप कृपा करके जानकारी देने का कष्ट करें ।

SHRI NAVEEN PATNAIK: Sir, in answer to the question of hon. Member, Shri Agarwal, I would like to mention some steps that are intended to be taken to revive the steel industry. Firstly, to boost the demand in consumption of steel, the Development Commissioner for Iron and Steel, i.e. DC (I&S), has launched a national campaign. Secondly, to reduce input costs for steel making, five per cent special import duty on several inputs, such as coking coal, non-coking coal, metallurgical coke, ferro nickel, charged nickel, nickel oxide Sinters, low-silica limestones and graphite electrodes has already been waived. Thirdly, the anti-dumping duty on hot rolled coils imported from Ukraine and Russia has recently been imposed and the minimum floor of prices has been fixed on import of flat steel products. Fortunately, rationalisation of duty entitlement passbook, better known as DEPB Slates rates for steel exports has been carried out to boost exports. A Steel Exporters' Forum has been set up to help steel exporters to overcome bottlenecks in exports. Enhanced project financing to steel sector by all financial institutions and relaxation of ECB norms have been strongly recommended. The Government has set up an empowered Committee to examine and assess the specific research and development projects to improve the technology for steel making and to enhance the quality of our Indian steel. In the Central Budget for 1999-2000, the special customs duty of five per cent has been discontinued on all the projects.

SHRI S.R. BOMMAI: Sir, I do appreciate the concern of the hon.. Minister to protect the steel industry, but I would like to know what the steps are that he is taking to safeguard the interests of the consumers, particularly the small scale industries where steel is reqired as a raw material and for construction of buildings and houses. What steps is he taking to reduce the cost of production? Compared to other countries, the cost of production in our country is much more higher. Why can't the consumers have the benefit of getting steel at a cheaper rate?

SHRI NAVEEN PATNAIK: Sir, the question raised by the hon. Member was about the hot rolled items. In fact, even today, the prices are lower than they were in April last year. Sir, that is about the prices. Sir, the Consumer Council also meets every year. The meeting was last held in November 1998. The other thing is that our hope is, as the hon. Member mentioned, in the housing sector, in the infrastructure sector.

For thermal power plants, for oil refineries, I myself have been to the Power Minister. As the hon. Members are aware, 40 per cent of our power plants use steel. I wanted to find out whether all those power projects can have a kick-start so that our steel sector, our steel economy revives.

प्रतिपाटन-शुल्क (एंटी डम्पिंग ड्यूटी) लगाया जाना)

*162. **श्री जनेश्वर मिश्र**: क्या वाणिज्य मंत्री यह बताने की कृपा करेंगे कि:

(क) क्या यह सच है कि प्रतिपाटन- शुल्क संबंधी सक्षम प्राधिकारी ने "स्टाईटिन बुटाडीन रबड़" के मामले में अमरीका, जापान, तुर्की आदि जैसे पांच देशों पर प्रतिपाटन-शुल्क लगाने की सिफारिश की थी; और

(ख) यदि हां, तो इस संबंध में सरकार द्वारा क्या कार्रवाई की गई है ?